



Written testimony of the

**Biotechnology Innovation Organization**

Submitted to the United States House of Representatives  
Committee on Ways and Means Select Revenue Measures Subcommittee  
Temporary Policy in the Internal Revenue Code  
Tuesday, March 12, 2019

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Chairman Thompson, Ranking Member Smith, and Members of the Subcommittee, the Biotechnology Innovation Organization (BIO) is pleased to submit a statement for the record to the to the United States House of Representatives Committee on Ways and Means Select Revenue Measures Subcommittee hearing on "Temporary Policy in the Internal Revenue Code."

**Executive Summary**

BIO urges you to retroactively extend the following tax provisions that expired at the end of 2017 for 2018 and provide a seamless multi-year extension going forward:

- Second Generation Biofuel Producer Tax Credit
- Special Depreciation Allowance for Second Generation Biofuel Plant Property
- Biodiesel and Renewable Diesel Fuels Credit
- Alternative Fuel Vehicle Refueling Property

**Introduction**

BIO is the world's largest biotechnology trade association representing more than 1,000 biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and in more than 30 other nations. BIO members are involved in the research and development of innovative healthcare, agricultural, industrial and environmental biotechnology products. Our members are working every day to solve the greatest challenges facing society – whether it is finding a cure for cancer, protecting the public against bio-terror threats, feeding hungry people nutritious food, or generating renewable fuels, renewable chemicals and biobased products.

Within its broad membership, BIO's Industrial and Environmental Section (IES) member companies are developing new agricultural and low-carbon feedstocks, industrial enzymes, and biological catalysts for the conversion of biomass into

advanced biofuels, alternative jet fuels, renewable chemicals, and biobased products. Utilizing the power of industrial biotechnology, companies across the country are creating a robust biobased economy. Biobased production encompasses a complex value chain, from agriculture through the manufacture of consumer goods, that provides an alternative to the petroleum-based value chain and that brings environmental, economic and other benefits. The biobased economy can generate new markets for agricultural producers, boost innovation in domestic manufacturing, and stimulate sustainable economic growth.

### **Biofuels Tax Incentives**

BIO urges you to retroactively extend the tax provisions that expired at the end of 2017 for 2018 and provide a seamless multi-year extension going forward. Immediate action is necessary with the tax filing season underway for 2018. Companies are at risk of losing a critical incentive they counted on and are unable to plan for 2019. The biofuel tax provisions – particularly the Second Generation Biofuel Producer Tax Credit (PTC), the Special Depreciation Allowance for Second Generation Biofuel Plant Property, the Biodiesel and Renewable Diesel Fuels Credit, and the Alternative Fuel Vehicle Refueling Property Credit – are critical to BIO's IES members and the development of low-carbon advanced and cellulosic biofuels. The on-again, off-again nature of these incentives has created uncertainty for investors and the industry about the availability of these credits; jeopardizing the long-term investments necessary for the development of advanced and cellulosic biofuels. Availability of these credits are critical as our companies make significant investments to create new agricultural supply chains, build infrastructure for liquid biofuels, and develop innovative new technologies. These credits have enabled our industry to create new jobs, contribute to rural prosperity, and diversify our nation's energy supply. However, the continued delays in extending these credits puts these investments and benefits at risk.

Ensuring further growth in the advanced and cellulosic biofuels industry will require additional support and greater policy certainty going forward. As such, we encourage the Congress to advance a multi-year extension of advanced and cellulosic biofuel tax incentives. Motor fuel markets are not free markets. The oil industry receives permanent federal subsidies and tax breaks that give incumbents a market advantage over renewable fuels if not remedied by the counter balancing incentives described above. While temporary extensions are not enough to create parity, they help bridge the gap to comprehensive energy tax reform. Arbitrarily allowing these tax credits to expire in the near term would be premature and would significantly limit the growth in the domestic advanced and cellulosic biofuels industry and undermine all the positive contributions the industry has made to national security, the economy, and the environment to date.

### **Conclusion**

In the interest of job creation, infrastructure development, innovation, the environment, and energy security, we respectfully ask Congress to immediately pass a seamless multi-year extension of the Second Generation Biofuel PTC and the

suite of other biofuel tax incentives. These provisions are essential ingredients in any effort to accelerate the commercialization of advanced and cellulosic biofuels. We ask that you include these provisions in any tax package. Thank you for your consideration.